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Farm Outlook

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FARM OUTLOOK

CATTLE . . .

Fed cattle prices advanced around \$3.50 per cwt. from mid-April to early June. At that time, Choice steers were selling at Iowa plants from \$32.50 to \$34.00—about \$7 per cwt. higher than a year earlier.

Although fed cattle marketings continued above last year, total cattle slaughter in May was a little below the 1968 level. Average marketing weights increased somewhat, but remained well below last year. The price strength also reflected unusually strong consumer demand for meat and some narrowing of packer and retail margins.

The number of cattle on feed continues above last year and fed cattle marketings this summer are expected to be moderately larger than in 1968. But the increase in fed cattle supplies may be partly offset by smaller slaughter on non-fed cattle. Total beef supplies over the next few months will probably be around 2 percent larger than last year.

Prices this summer and fall will be influenced greatly by the relative strength of consumer demand. Prospective beef supplies do not appear large enough

to weaken prices—if demand holds at recent levels. However, some weakening of demand seems likely—with a slower rise in economic activity, a rise in unemployment and smaller income gains expected. Iowa prices for Choice steers should still hold above the \$30 level this summer and fall quarter prices in the \$28 to \$30 range seem likely at this time. The July cattle on feed report (to be released July 17) will provide a later indication of supply and price prospects.

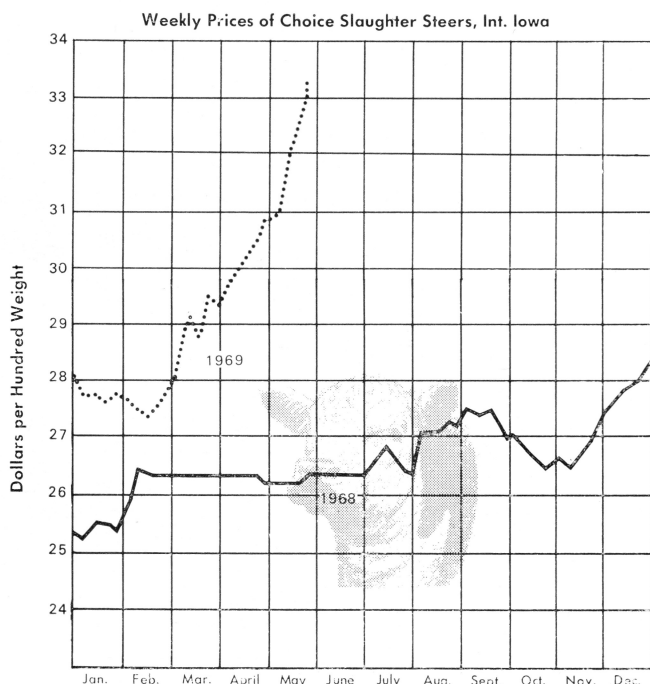
HOGS . . .

Hog slaughter during the first four months of this year was 4 percent above the same months of 1968. This was close to the increase indicated by USDA pig crop estimates. Slaughter dropped below last year during late May and early June. However, the dip below last year is expected to be temporary, since sow farrowing estimates indicate a 4 to 5 percent increase from 1968 in summer marketings.

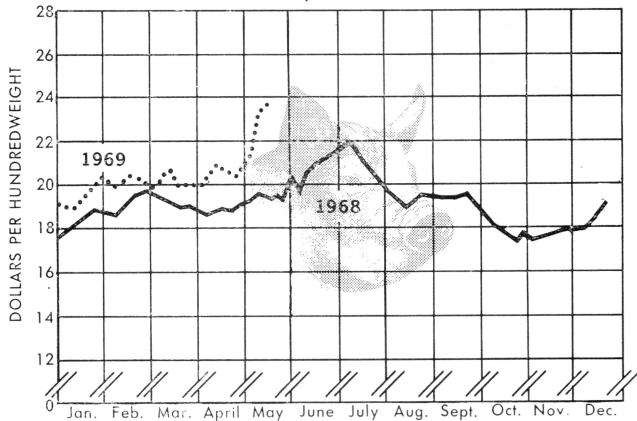
Hog prices rose sharply during May, gaining around \$4 per cwt. Early June prices in Iowa for 200-230-lb. butchers were from \$24 to \$25 per cwt.—about \$5 higher than a year earlier. This was a stronger rise than had been expected, and reflected the very strong consumer demand for meats and the seasonal drop in volume.

The market should continue strong this summer, with July prices likely to be close to the early June levels. This will be followed by a seasonal decline in prices in late summer and fall. How much prices decline this fall will depend in part on size of the March-May pig crop.

The USDA's June Report on Hogs and Pigs (released June 24 but not available at this writing) will include estimates of the December-May pig crop and of farrowing plans for the June-November period. Estimates made in March for the 10 Corn Belt states indicate a 5 percent



Weekly Average Price of Barrows and Gilts,
Interior Iowa & So. Minn., 200 - 240 Lbs.



increase in March-May farrowing plans and a 6½ percent boost in June-August farrowing intentions.

If the increase in actual farrowings nationwide is in the 5 to 7 percent range, hog marketings during the last quarter of this year and the first quarter of 1970 will be up by approximately the same amount. This would probably pull Interior prices down to about \$17-\$18 this fall.

SOYBEANS . . .

Soybean prices have been relatively steady during the past several months as heavy movement under loan offset record supplies. Central Iowa prices for Modified No. 1 soybeans in early June were about \$2.54 a bushel—same as last year.

Cumulative bean exports from Sept. 1 through June 6 totaled 246.1 million bushels—up 27 million bushels from the same period a year earlier. The domestic crush from September through April also was up slightly, totaling 401.2 million bushels. This was 13.7 million more than in the same period last year.

In spite of the moderate increase in utilization, carryover stocks will be up sharply this September. A record carryover of about 300 million bushels is expected. Last year's carryover was 167 million bushels; two years ago it was 90 million bushels.

The 1969 crop appears to be more than adequate to meet next year's requirements, even if the U. S. average yield doesn't quite measure up to last year's. So a sizable increase in the 1970 carryover is expected.

Prices probably will be steady to slightly higher this summer, followed by a gradual decline beginning in September. It now appears that soybean prices will be several cents below the loan rate at harvest and will move slightly above the loan rate later in the year.

CORN . . .

Corn prices in early June continued to reflect uncertainty over 1969 production prospects. Wet fields delayed planting in many areas of the Corn Belt, and some market analysts feel this may have affected both yield prospects and planted acreage. Here are the USDA estimates of planting progress through June 2 in the major Corn Belt states:

Percent Planted, June 2

State	1969	1968	Normal
Illinois	90-95	85	90-95
Indiana	85	70	85
Ohio	75	70	85
Iowa	93	100	About 95
Nebraska	90	98	95
South Dakota	92	97	92
Missouri	67	N.A.	N.A.
Minnesota	85	N.A.	90

The Agriculture Department has announced that 1967 and 1968 crop corn in warehouses will not be eligible for re-seal this year. About 115 million bushels are involved, most of which probably will move into commercial channels. As a result, "free" supplies will not be quite as tight as had been expected earlier. However, a sizable volume of corn will still need to be redeemed from price support loans to meet market requirements this summer.

Central Iowa prices in early June were about \$1.16 per bushel—11 cents higher than a year earlier. The outlook for this summer and fall is uncertain and will depend considerably on weather developments. Prices seem likely to remain steady to slightly higher into early fall unless cool, wet weather continues. But there is a potential for considerable price strength if unfavorable U.S. average yield prospects are indicated. The July crop report, to be released July 10, will provide the first official estimate of planted acreage and 1969 yield prospects.

—by Gene Futrell and Robert N. Wisner